GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2892
ANSWERED ON:02.08.2002
DUTY CONCESSIONS TO INDIA BY EU ON TEXTILES
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have lodged a complaint with the World Trade Organisation`s dispute settlement panel against the European Union for refusing to extend to it the preferential treatment granted to textile exports from Pakistan under the generalised system of preferences scheme;

(b) if so, the details thereof;

(c) the reaction of the WTO dispute settlement body;

(d) whether any settlement has been reached in this regard; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) to (e): The scheme of Generalized System of Preferences (GSP) of the European Union (EU) for the period 1st January 2002 to 31st December 2004 inter-alia provides for suspension by the EU of customs duties for all products which have not graduated, under special tariff arrangements to combat drug production and trafficking. Pakistan is one of the beneficiary countries under this special arrangement. As this may adversely affect India`s exports to EU, India had taken up this issue with EU through bilateral consultations held in February 2002 and July 2002. During the consultations it was highlighted that India would stand to lose substantial trade, particularly in the textiles and clothing sector, on account of duty concessions given selectively to Pakistan. The EU was requested to rectify the adverse trade impact due to such concessions. The bilateral consultations did not however yield the desired results from India`s point of view.

As the first step to resolve the above dispute with EU, under the Dispute Settlement Mechanism of WTO, it was decided to seek consultations with EU. The consultations were held with EU on 25th March 2002 during which certain details regarding anticipated adverse impact on our trade were conveyed to the EU. These consultations have, however, not led to positive results. While we are still open to remedial action from the EU side, further course of action would be taken in accordance with the WTO rules.